Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Access Charge Reform	)	CC Docket No. 96-262
	)	
Price Cap Performance Review for Local Exchange Carriers	)	CC Docket No. 94-1
	)	
Low Volume Long Distance Users	)	CC Docket No. 99-249
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45

FURTHER COMMENTS OF THE ALLIANCE FOR PUBLIC TECHNOLOGY, THE COMMUNICATIONS WORKERS OF AMERICA THE NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS, ET. AL.

I. INTRODUCTION

The Alliance for Public Technology ("APT"), the Communications Workers of America ("CWA"), the National Association of Development Organizations ("NADO") and the undersigned organizations ("joint commenters") submit these further comments in support of the modified CALLS Proposal and in response to the Federal Communication Commission's ("FCC's") Public Notice[1] in the above referenced dockets. The Notice seeks comment on whether the FCC should adopt all or some portion of the modified proposal submitted by the Coalition for Affordable Local and Long Distance Service (CALLS) for universal service and interstate access charge reform.

1 Public Notice, FCC 00-533, March 8, 2000.

In previous comments to the FCC,[2] APT, CWA and NADO endorsed the original CALLS plan based, in part, on its potential to stabilize universal service funding, which provides affordable telephone service for all consumers.

II. STATEMENT OF INTERESTS

Constituents of APT, CWA, NADO and the organizations represented by this filing, include millions of low income and working families, rural residents, senior citizens, people with disabilities, small business owners, minorities, and other consumers who desire affordable, quality telecommunications services, no matter their income level or place of residence.

The Alliance for Public Technology is a tax-exempt advocacy organization founded in 1988 to promote affordable access to telecommunications and information by all consumers. Almost 300 non-profit groups and individuals comprise APT's membership, which supports the organization's mission:

> to make available as far as possible, to all people of the United States, regardless of race, color, national origin, income, residence in rural or urban area, or disability, high capacity two-way communications networks capable of enabling users to originate and receive affordable and accessible high quality voice, data, graphics, video and other types of telecommunications services.[3]

The Communications Workers of America is the largest telecommunications union in North America. Representing 630,000 workers, CWA is a party to more than 1000 collective bargaining agreements with public and private employers engaged in telecommunications, printing and news media, health care, cable television, general manufacturing, electronics, and gas and electric utilities, among other fields.

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[2] See Comments of the Alliance for Public Technology, the Communications Workers of America and the National Association of Development Organizations, In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Low Volume Long Distance Users, Federal-State Joint Board on Universal Service, November 16, 1999.

[3] *Principles for Implementing the Goal of Advanced Universal Service*, Alliance for Public Technology, 1995 at p. 2.

The National Association of Development Organizations (NADO) is a public interest group founded in 1967 to provide training, information and representation for regional development organizations in small metropolitan rural communities. It is the largest and leading advocate for a regional approach to community and economic development, including deployment of telecommunications services. NADO's regional development organizations collectively represent about one-third of the nation's population. Therefore, the association's primary goal is to assure all rural citizens have employment opportunities, public services, and a quality of life comparable to other Americans.

Alliance for Small Business Advocacy (ASBA) is an affiliation of small business owners, supporters, and groups that are committed to identifying and working on issues that have or will have a critical impact on small business growth. ASBA was formed as a result of the increasing awareness of the importance of small business to a healthy economy.

Consumer Alliance of the Southeast (CASE) is a regional coalition of consumers, community leaders, and small business owners with members in 12 states, from Texas to Florida.

The Jefferson County Committee for Economic Opportunity was established in 1965 to serve as Jefferson County's Community Action Agency. The agency strives to meet the needs of low-income citizens at the community level. Among its goals are the elimination of poverty at its roots and the empowerment of people through policy formation and program participation.

Justice For All (JFA) is a disability rights organization formed to defend and advance disability rights and programs in Congress. One JFA goal is to work with national and state organizations of people with disabilities to get the word from Washington, D.C. out to the grassroots.

National Association of Commissions for Women (NACW) represents local commissions established to promote the interests of women in cultural, social, and economic fields. NACW supports policies and programs that empower women to make informed choices about all aspects of their lives. NACW has been active in the debate on telecommunications reform, supporting legislative and regulatory initiatives to encourage competition, thereby creating new options and services for women as consumers and in their businesses.

United Homeowners Association (UHA) is a national, nonprofit, membership-based organization that represents the interests of homeowners. UHA has an active communications advocacy program, and has promoted the interests of homeowners in telecommunications to Congress, before the FCC and in the courts.

III. BACKGROUND

In October 1999, APT and the Communications Workers of America (CWA) released a study[4] outlining the benefits of the access reform plan submitted to the FCC by CALLS. The study concluded that while business customers would be the greatest beneficiaries, consumers at all income levels, regardless of whether they live in urban or rural areas, would also benefit under the plan.

APT, CWA and NADO stated their belief that the original plan:

> offers a viable means of stabilizing universal service during the transition to competitively neutral, explicit universal service support mechanisms. Admittedly, the CALLS plan is not a perfect solution, but its creation through arms' length negotiation between long distance carriers and incumbent local phone companies that are more often opponents than proponents in any given matter, is an encouraging development in a rapidly changing telecommunications marketplace.
>
> As new packet switched networks emerge to enable users to avoid long distance charges containing the subsidies now implicit in per minute access charges, the urgent need for reform becomes clearer. Without prompt action, the inevitable collapse of the current access charge regime will undermine universal service funding and threaten the nation's

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4 *An Assessment of Consumer Welfare Effects of the CALLS Plan*, Stephen B. Pociask, October 25, 1999.

commitment to affordable quality telephone service for everyone. And, unless sustainable universal service support exists for basic telephone service, joint commenters fear that mechanisms cannot develop to ensure that low-income, working, elderly, disabled, and rural residents gain access to advanced telecommunications networks that can improve their education, health care, economic development, and other important aspects of their lives.[5]

APT asked Joel Popkin and Company to evaluate the original plan and to study its consequences for residential consumers, particularly those in rural areas and those with low or moderate income levels. The resulting "Consumer Welfare Study,"[6] which APT and CWA released in October 1999 and attached to their previous comments, demonstrated that residential consumers at all income levels would realize substantial savings.

The joint commenters, however, strongly urged the Commission to protect low volume phone users and other consumers from bearing a disproportionate share of the proposed line charge increases by ensuring that interexchange carriers cut long distance rates in a manner that maximizes the consumer welfare benefits.

IV. THE MODIFIED PROPOSAL

The joint commenters are pleased that the modified plan responds to their concerns, as demonstrated in an updated study conducted by Joel Popkin and Company. ("The CALLS Plan Revisited: A Quantification of Consumer Benefits," attached hereto as Appendix A). The initial plan proposed reductions in switched access rates, consolidation and changes to the levels of fixed line charges, expansion of *Lifeline* support for low-income consumers, and establishment of rural caps supported by $650 million in explicit universal service support.

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[5] See Comments of the Alliance for Public Technology, the Communications Workers of America and the National Association of Development Organizations, In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Low Volume Long Distance Users, Federal-State Joint Board on Universal Service, November 16, 1999 at pp. 2-3.

[6] Op. cit.

First, the modified plan sets lower caps on the SLC at the outset and then over the five-year plan. By July 2004, the cap will reach \$6.50, instead of \$7.00 as proposed in the initial plan. This new \$6.50 cap provides additional protection for rural consumers.

In addition, two major long distance carriers, AT&T and Sprint, have pledged to offer at least one basic schedule calling plan that does not charge a monthly minimum usage fee. This assurance offers customers who make \$3.00 or less in long distance calls each month an opportunity to avoid paying minimum charges. While the repercussions of this pledge will lead to direct benefits to their customers, and possibly competitive responses from other carriers to eliminate their minimum usage charge plans, the attached study does not include these benefits.

To determine the impact of the modified CALLS proposal for residential consumers, APT asked Joel Popkin and Company to update its evaluation. (Attached hereto as Appendix A.) Chief economist Steve Pociask, who conducted the study, reported that the modifications actually strengthen consumer benefits significantly by providing further rate reductions and lowering the cost for consumers who make few long distance calls. Specifically:

- Households at all income levels will experience approximately 4 percent welfare gain from the modified CALLS proposal.
- It represents an increase of \$2.2 billion or 41% in consumer welfare benefits when compared to the initial CALLS analysis, and \$7.4 billion total annual benefits to residence and business customers.
- Compared to the initial plan, residential consumers should receive an increase in benefits of 54%, mostly due to lower residential subscriber line charge caps.
- A disproportionately higher share of the new benefits are predicted to accrue to rural customers even though they may face slightly higher subscriber line charges and are

likely to receive less benefits under CALLS, due to decreases in the subscriber line cap for rural subscribers. For example, urban customers should benefit $0.39 per household per month more than the initial plan predicted. In comparison, a rural customer will see an additional $0.76 per household per month more than the initial plan.

- Residential consumers are predicted to benefit significantly across every major household income group, compared to the initial CALLS study. Furthermore, the variance of benefits across income categories decreased slightly, indicating a more uniform distribution of benefits than previously observed.
- Lastly, businesses are estimated to obtain a 37% increase in benefits, predominantly due to reductions in special access rates that were not included in the initial CALLS plan.

In the initial study of consumer benefits, the CALLS plan produced small, but positive results for rural customers. The modified plan suggests disproportionately higher benefits to rural customers. In addition, customers who make less than $3.00 in long distance calls each month can avoid paying monthly charges. In total, the modified proposal results in additional benefits for every major household income group, regardless of geographic distinction, with consumer welfare increases from $5.3 billion to $7.44 billion per year, 41% more than the initial study. APT fully expects these long distance carriers to honor the commitments they have made in this proceeding to ensure that low-volume users will receive the intended benefits of the CALLS proposal.

V. CONCLUSION

As the Commission evaluates the merits of the modified CALLS plan, joint commenters again ask that it look to the future of the Information Age and remember its obligation to preserve universal service in an era of emerging competition for new and innovative telecommunications services. Basic telephone service is a necessity in today's world, and therefore, it must be affordable and available to everyone.

As it was pointed out initially by APT, CWA and NADO, the benefit to consumers from reductions in inter-exchange access fees is dependent upon how they are passed on to consumers in the context of growing concentration of economic power, which requires greater opening of competition in the inter-exchange market. The Commission must ensure that benefits are not disproportionately distributed to the high end of the market in the offering of calling plans. A fair share of the distribution of benefits must also reach the low end of the market, especially low volume users, and a commitment to such a plan should be made a condition of approval for the CALLS plan.

Joint commenters contend that with the increased commitment to protecting low-income users, the modified CALLS plan would further shield rural and low-income consumers from unreasonable rate increases, increase measurable benefits to households of all income levels, and could facilitate additional long distance rate drops for all residential customers. Accordingly, joint commenters recommend that the Commission adopt the modified CALLS proposal. We continue to view it as an effective plan for achieving universal telephone service, the precursor to the advanced telecommunications service that will be indispensable in the Information Age.

Respectfully submitted,

Donald Vial
Public Policy Chair
Alliance for Public Technology
919 18th Street, N.W., Tenth Floor
Washington, DC 20006

Debbie Goldman
Research Economist
Communications Workers of America
501 Third Street, N.W., Suite 1100
Washington, DC 20001

Aliceann Wohlbruck
Executive Director
National Association of Development Organizations
444 North Capitol Street, N.W., Suite 630
Washington, DC 20001

George Abbott
President
Alliance for Small Business Advocacy
P.O. Box 12029
8616 North 30th Street
Omaha, NE 68112

Lora H. Weber
Executive Director
Consumers Alliance of the South East
P.O. Box 864806
Plano, TX 75086-4806

Theodore Debro
Deputy Director
Jefferson County Committee for
Economic Opportunity
300 Eighth Avenue, West
Birmingham, AL 35204-3039

Fred Fay
Moderator
Justice for All
2054 Main Street
Concord, MA 07142

Patricia T. Hendel, President
National Association of Commissions for Women
8630 Fenton Street, Suite 934
Silver Spring, MD 20910-3803

Jordan Clark
President
United Homeowners Association
655 15th Street, NW, Suite 460
Washington, DC 20005

April 3, 2000

APPENDIX A

Letter of Request

Response

The CALLS Plan Revisited:
A Quantification of Consumer Benefits

By Stephen B. Pociask

April 1, 2000

Alternatively, the study and an executive summary are available at http://www.apt.org/policy/.

Alliance for Public Technology

March 23, 2000

Mr. Stephen Pociask
Executive Vice President
Joel Popkin and Company
1155 Fifteenth Street, NW
Suite 614
Washington, DC 20005

Dear Mr. Pociask:

I am writing on behalf of the Alliance for Public Technology (APT) to request an update to the study you conducted for us last October assessing the consumer welfare effects of the CALLS plan to reform interstate access charges and universal service.

Since that time, the Coalition for Affordable Local and Long Distance Service (CALLS) has filed revisions to the plan with the Federal Communication Commission (FCC). As before, our concern is the impact these modifications will have for residential consumers, particularly rural and low-income households.

Your analysis is needed to assist APT in determining the effects of the modified proposal and formulating its position. The deadline for filing comments with the FCC is April 3rd. In order to meet that deadline, we are requesting receipt of the study results by Friday, March 31, 2000.

The Alliance appreciates your consideration of this request and we look forward to your response.

Sincerely,

Sylvia Rosenthal

Sylvia Rosenthal
Executive Director

Alliance for Public Technology • 919 18th Street, NW • Suite 900 • Washington, DC 20006
Telephone: 202.263.2970 (Voice/TTY) • Facsimile: 202.263.2969 • Email: apt@apt.org • Internet: www.apt.org

Joel Popkin and Company

ECONOMIC CONSULTANTS

April 3, 2000

Ms. Sylvia Rosenthal
Executive Director
Alliance for Public Technology
919 18th Street, NW, Suite 900
Washington, DC 20006

Dear Ms. Rosenthal:

Per your request (letter dated March 23, 2000), attached is a study that quantifies the consumer benefits from the modified CALLS proposal. The study also compares the modified plan to the original plan. In terms of consumer welfare benefits, the overall results indicate unmistakable improvements over the original plan, particularly for low-income and rural customers. I estimate total consumer benefits to be $7.4B per year, once the plan is fully implemented. As with the first study, I believe these results are conservative.

If you have any questions, I can be reached at (202) 872-0990.

Sincerely,

Stephen B. Pociask
Executive Vice President/
Chief Economist

ATTACHMENT

1155 15th STREET, NW, SUITE 614, WASHINGTON, DC 20005, TELEPHONE: (202) 872-0990, FAX: (202) 872-1522

DOCKET FILE COPY ORIGINAL

Joel Popkin and Company

Economic Consultants

The CALLS Plan Revisited:
A Quantification of
Consumer Benefits

by

Stephen B. Pociask

Joel Popkin and Company
Economic Consultants

March 31, 2000

The CALLS Plan Revisited: A Quantification of Consumer Benefits

Stephen B. Pociask*

Executive Summary

The Coalition for Affordable Local and Long Distance Service ("CALLS") recently submitted modifications to an initial plan it filed with the Federal Communications Commission ("FCC"). At the request of the Alliance for Public Technology ("APT"), this study reevaluates the consumer benefits that would result if the modified plan was implemented and compares these benefits to the initial CALLS plan.

The initial CALLS plan proposed reductions in switched access rates, consolidation and changes in the levels of fixed line charges, expansion of Lifeline support for low-income consumers, and establishment of rural caps supported by $650 million in explicit universal service support.[1] While the modified plan still includes all of these main components, it proposes lowering the initial plan's caps on monthly fixed line charges, as a means to provide more benefits to low-usage rural telephone customers, and new price reductions on special access services.

Recalling the results from the initial study of the plan, the study predicted substantial consumer welfare benefits as a result of implementing the plan. Based on the modification to the initial CALLS plan, revised estimates of consumer benefits were analyzed. The following represents key findings of this study on the latest CALLS plan:

- The latest plan will generate $7.4B in annual benefits to residential and business consumers. Compared to the initial CALLS study, this represents an increase of $2.2B or 41% in consumer welfare benefits.

- Stacked up against the initial plan, residential consumers should receive an increase in benefits of 54%, mostly due to lower residential subscriber line charge caps under the modified plan.

- Residential consumers are predicted to benefit significantly across every major household income group, compared to the initial CALLS study. Furthermore, the

* The author is the Executive Vice President and Chief Economist for the consulting firm, Joel Popkin and Company, 1155 15th Street, NW, Suite 614, Wash. DC, 20005, (202) 872-0990, www.jpcecon.com. This latest analysis represents an independent evaluation of the modified CALLS plan at the request of the Alliance for Public Technology (APT). Funding for this research was provided by CALLS. The views expressed here are those of the author and not necessarily those of CALLS.

[1] For an extensive review of the initial plan, see the initial study – Stephen B. Pociask, "An Assessment of Consumer Welfare Effects of the CALLS Plan, Joel Popkin and Co., Oct. 20, 1999 at www.apt.org/policy.

variance of benefits across income categories decreased slightly, indicating a more uniform distribution of benefits than previously observed.

- Due to decreases in the subscriber line cap for rural subscribers, a disproportionately higher share of the new consumer benefits are predicted to accrue to rural customers under the modified plan compared to the initial plan. For example, urban customers should benefit \$0.39 per household per month more than the initial plan predicted. In comparison, a rural customer will see an additional benefit of \$0.76 per household per month more than the initial plan.

- While this study focuses on many of the direct benefits that will result from implementing the CALLS plan, there are other benefits that have not been quantified in this analysis. For example, today, consumers pay PICC fees that are passed through from IXCs. Because the CALLS plan eliminates the PICC fees to residential and single line business customers, these customers benefit, including customers served in areas operated by non-price cap local carriers. These spillover benefits are estimated to be worth \$120M of reductions on customer bills.

- Finally, in comparing the initial CALLS plan to the modified plan, businesses are estimated to obtain an additional 37% increase in benefits, predominantly due to reductions in special access rates that were not included in the initial CALLS plan.

While providing substantial improvements in benefits for the average consumer, the modified CALLS plan provides significant improvements for low income and rural consumers, compared to the initial plan. In short, the plan makes improvements in providing more uniform benefits across customer groups. Furthermore, the CALLS plan, as modified, takes significant steps in setting more rational economic prices that will facilitate additional benefits from competition, and it does this without harming low-income and rural customers.

Supporting Analysis

Background and Purpose

Recent modifications to the CALLS plan require a reassessment of the consumer benefits of the CALLS plan.[2] The plan was modified, in part, due to concerns that the initial plan offered fewer benefits to rural customers and residential consumers who make fewer long distance calls. The purpose of this section is to analyze how well the modified CALLS plan addresses these concerns and to quantify the benefits in this regard.

The plan's two major modifications include decreases in prices for special access services and reductions in the caps placed on subscriber line charges (SLC). First, the modified plan sets lower caps on the SLC at the outset and then over the five-year plan. By July 2004, the cap will reach \$6.50, instead of \$7.00 as proposed in the initial plan. This new \$6.50 cap provides additional protection for rural consumers.

In its second major change, the latest plan offers new price reductions for special access services – namely, services that include high-speed dedicated transport between the customer premise and interexchange carrier switch, thus bypassing local switched access. Under the modified plan, these special access revenues will be subject to X-factor reductions of 3% in July 2000, 6.5% in July 2001, 6.5% in July 2002 and 6.5% in July 2003. Assuming inflation continues its modest increase, special access prices will decrease by nearly 14% by July 2003.

In addition, two major long distance carriers, AT&T and Sprint, have pledged to offer at least one calling plan that does not charge a monthly minimum usage fee. This assurance offers customers who make no long distance calls an opportunity to avoid paying monthly minimum charges. While the repercussions of this pledge will lead to direct benefits to their customers, and possibly competitive responses from other carriers to eliminate their minimum usage charge plans, this study does not include these benefits. As a result, the estimates of benefits will be conservative.

Finally, the CALLS long distance members have pledged to pass access savings from this plan to their long distance customers. This is consistent with and strengthens the assumptions in the original assessment of consumer benefits.

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[2] Memorandum in Support of the Revised Plan of the Coalition for Affordable Local and Long Distance Service, in CC Dkt. Nos. 94-1; 96-45; 96-262; and 99-249; filed March 8, 2000. For a list of rate change assumptions similar to the initial consumer benefits study, see the Appendix at the end of this analysis. Except for the assumption modifications described briefly above, these rates were developed similarly and explained fully in the initial study.

Data Improvement

Before analyzing the benefits that would result from implementing the latest CALLS plan, it should be noted that the November 1999 baseline estimates were revised from the initial study. This revision uses more recent data from the FCC November 1, 1999 tariff filing to implement the fifth circuit court decision. The revised figures, absent of any modification to the CALLS plan, would yield additional consumer welfare benefits of \$565 million or approximately 10% above the estimate in the original study. Hence, the original study was, in fact, conservative as it claimed at the time. These more recent data are reflected in the Appendix and are used throughout the remaining portion of this study.

Results

Using the identical methodology from the assessment of the initial CALLS plan, a reevaluation of total consumer welfare benefits was performed assuming the revised rates that result from modified plan. Figure 1 shows the distribution of benefits across end-user market groups and indicates marked improvement for those customers.

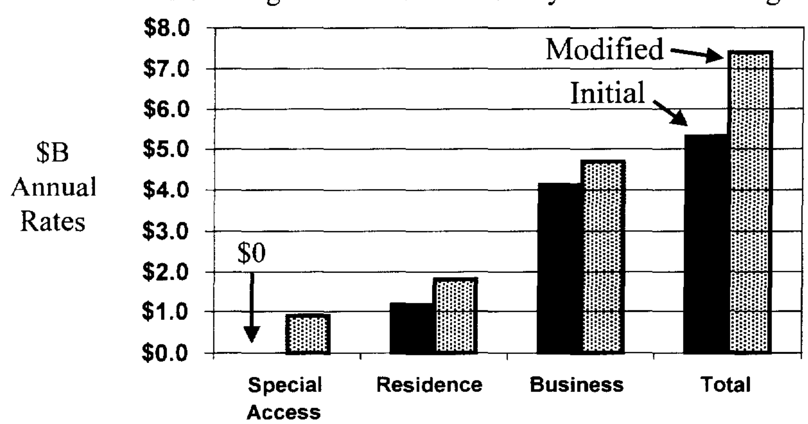
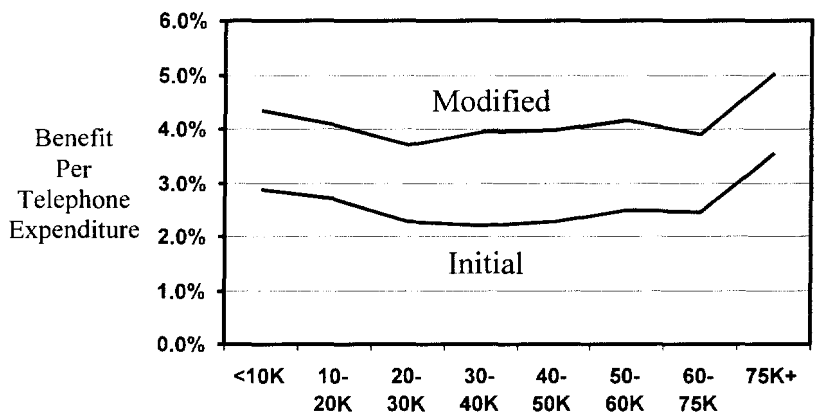


Figure 1: Consumer Welfare Gains
Updated CALLS Plan vs. Initial CALLS Plan
Resulting from Nov. 1999 to July 2004 Price Changes

Total consumer welfare increases from \$5.3B (using the initial CALLS plan assumptions) to \$7.44B per year (using the modified CALLS plan assumptions), an increase of 41% from the initial study. Special access services increases as a direct result of rate reductions and will benefit carriers and large business enterprises. Residential customers see increases in benefits predominantly due to lower monthly fixed line charges. Increases in business customer benefits can be explained largely by the data revisions (discussed above), as well as by lower monthly fixed line charges for single-line business customers.

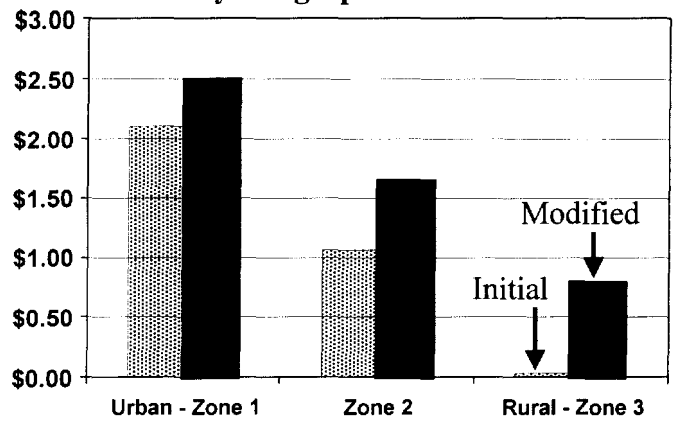
A review of residential consumer benefits demonstrates substantial improvements across major customer groups. As Figure 2 shows, the annual welfare gain from the CALLS plan results in additional benefits for every major household income group. Compared to the initial study, an analysis of the variance in household benefits concludes that these new results exhibit slightly less dispersion around the mean benefit. In other words, not only are household benefits greater in magnitude under the modified CALLS plan, but also benefits are somewhat more uniformly distributed among households of varying income groups. Thus, consumers across all income groups are unequivocally better off under this latest plan.

Figure 2: Annual Welfare Gains
By Household Income Level
Resulting from Nov. 1999 to July 2004 Rate Changes



In the initial study of consumer benefits, the CALLS plan produced small, but positive results for rural customers. Under the modified plan, customers in all geographic areas are estimated to benefit from the rate reforms, particularly as a result of reductions in the cap on fixed monthly line charges. Assuming that geographic deaveraging occurs to the maximum levels permissible under the plan, then as Figure 3 indicates rural customers receive substantial positive benefits under the proposal. In fact, comparing the improvement to the initial plan, the modified plan suggests disproportionately higher benefits to rural customers. Thus, concerns about rural customer benefits appear to be addressed without fully sacrificing the benefits of more rational cost-based pricing.

Figure 3: Monthly Welfare Gains Per Household Resulting from Nov. 1999 to July 2004 Price Changes By Geographic Zones



About the Estimates

It should be stressed that these estimates are conservative. This study does not attempt to anticipate significant marketing changes that may result from efficient pricing, nor does the study attempt to capture benefits from improving customer selection (substitution effects) of long distance plans. The study does not include the benefits of lower toll rates for those rural customers who cannot reach the Internet through local dial-up access. Also excluded from this study are pledges by long distance carriers to offer at least one long distance plan containing no minimum usage charges, which can benefit customers who make few long distance calls. Recent data from PNR Associates indicates that 12% of long distance customers had no long distance calls in a given month and 22% of all long distance customers pay minimum usage charges.[3] According to the PNR data, long distance customers who pay minimum usage charges could avoid (on average) $2.77 each month, under the CALLS proposal. This study excludes these benefits, since they were not a direct rate change proposed in the modified plan.

While this study focuses on many of the direct benefits that will result from implementing the CALLS plan, there are other benefits that have not been quantified in this analysis. For example, today, consumers pay PICC fees that are passed through from IXCs. Because the CALLS plan eliminates the PICC fees to residential and single line business customers, these customers benefit, including customers served in areas operated by non-price cap local carriers. These spillover benefits are estimated to be worth $120M of reductions on customer bills.

[3] MarketShare Monitor, PNR and Associates, and Market Facts Inc., Bill Harvest data ending 1999.

There are several other potential benefits not captured in this study. For example, the assumptions may overstate the levels of fixed monthly line charges, because the emergence of competitors will likely result in pressure to lower monthly line rates. While the consolidation of the SLC and PICC simplify customer bills, this benefit could not be objectively quantified for this study. Also, there are income effects that would lead to additional consumer benefits. Finally, in a clarification filing with the FCC on March 29, 2000, CALLS proposed dropping the local Universal Service Fund charge on Lifeline subscribers.[4] All of these potential benefits were excluded from this study in order to keep the results as concrete and conservative as possible.

Conclusion

In light of these results, the CALLS plan, as modified, will yield marked improvements in consumer welfare when implemented. For residential consumers, improvements in benefits will accrue across all income groups and geographic locations, as shown in this study. In short, the CALLS plan attempts to develop more rational pricing that will lead to more effective competition and efficient entry, while not sacrificing consumer safeguards. Thus, failure to reform these rates will withhold these benefits from consumers, and therefore, policymakers should adopt the modified plan.

[4] Letter from Kathleen Wallman to Magalie Roman Salas, CC Dkt.94-1; 96-45; 96-262; 99-249; and 96-98, Ex Parte filing March 29, 2000.

Appendix:

Modified CALLS Restructuring Proposal

Average Rates*

	November 1999	July 2004
Primary Line Residence and Single Line Business	$5.55 (SLC, IXC retail PICC recovery and USF)	$6.51 (SLC only, no IXC retail PICC recovery and USF)
Non-Primary Line Residence	$6.91 (SLC and PICC for de-PIC and USF)	$6.52 (SLC only, no PICC and USF)
Multi-line Business	$10.46 (SLC, PICC and USF)	$7.58 (SLC, PICC and USF)
Interstate Switched Access Residence and Business (per minute of use charges)	$0.010950 per minute	$0.005562 per minute
Special Access (Revenues per Equivalent line, calculated by Joel Popkin and Co. using an industry TFP model.)	$125	$108

* The figures above are based on an analysis by Joel Popkin and Company and combine the SLC, PICC IXC recovery, ILEC and IXC USF recovery, and changes in Lifeline. These adjustments reflect the prices that consumers pay, rather than the prices that local exchange carriers charge interexchange carriers. The baseline estimates are under current rules.